National Conference of State Legislatures

Retiree Health Benefits – Medicare Advantage Plans

Ward Brigham, FSA
Vice President and Actuary,
UnitedHealthcare Retiree Solutions
(952) 406-3178
ward_brigham@uhc.com

August 08, 2017
The Issues - Financial

Many Current and Future Retirees Face Health Savings Shortfalls

Health Savings Recommendations for Retirement

- **$260K** for a 65-year-old couple retiring today
- **$465K** for a 55-year-old couple retiring in 10 years
- **$590K** for a 45-year-old couple retiring 20 years from now

Many Current and Future Retirees Have Less in Total Retirement Savings Than What Experts Recommend for Health Care Costs Alone

Almost half of retirees age 65+ and non-retired adults aged 50 to 64 have saved $100,000 or less in total household retirement savings.
State Rankings on Senior Health

America’s Health Rankings Senior Report offers a comprehensive analysis of senior population health on a national and state-by-state basis across 34 measures of senior health.
Group Medicare Advantage plans can help…

- Lower the cost of medical plans for retirees and their State Governments
  - Reduce GASB liability
  - Allow retirees (and States!) to stretch their limited dollars further
- Improve the health of retirees
  - Care coordination programs for chronic diseases
  - Encouragement of Wellness visits to close gaps in care
  - Encouragement of Appropriate care

Stay healthy | Acute illness Return to health | Live better with illness | End of life care

Wellness and prevention | Care management | Chronic conditions | Advanced illnesses
The Medicare Advantage (MA) outlook is favorable

- **19 Million enrollees**, or nearly 34% of all Medicare beneficiaries
- Enrollment in Group MA plans has **doubled** since 2008, and represents 19% of all MA membership.
- PPACA required MA plans to **improve their quality of care** or suffer a reduction in CMS (government) funding
- **A bipartisan supermajority** of Congress oppose any cuts to MA funding
- MA costs continue to fall as compared to Original Medicare. In fact, payments are on par since 2016.
- **Continued savings** in the group MA marketplace to help reduce the costs for State Governments and their retirees

---

1 The Henry J. Kaiser Family Foundation (June 2017)

Proprietary information of UnitedHealth Group. Do not distribute or reproduce without express permission of UnitedHealth Group.
# Group Medicare Advantage PPO Case Studies

## 105,000 Retirees

**Southeastern State**

- **Challenge:** Cost savings with equivalent plan design

- **Results:**
  - Medicare Advantage equivalent Plan Design with integrated Part D plan
  - Over $100 million in savings over four years
  - High retiree satisfaction
  - 200 education meetings throughout the state
  - Plan benefits designed to allow the same retiree cost sharing for both in and out of network services (non-differential PPO)

## 113,000 Retirees

**Midwestern State**

- **Challenge:** Cost savings and maximum retiree engagement

- **Results:**
  - Medicare Advantage equivalent Plan Design with integrated Part D plan
  - Savings of $80 per member per month
  - Retirees previously covered by self-funded medical and Rx plans now have access to care coordination programs
  - Successfully implemented program in a compacted timeframe
  - The retirees selected from among Aetna, Humana and UHC plans

## 91,000 Retirees

**New Jersey based Telecom Company**

- **Challenge:** Cost savings and plan parity for union and non-union retirees

- **Results:**
  - Medicare Advantage only
  - Estimated $400 million in savings over seven years
  - National retiree footprint with heavy concentration in New Jersey
  - Seven years of operational excellence and member satisfaction
  - Seven years premium stability
  - Added 50,000 union retirees with full union support
Why is Group Medicare Advantage more cost-effective?

Plan Sponsors’ and Health Plans’ liability is limited to the green slice of the pie, roughly 20%

Plan Sponsors and Health Plans have limited incentive to shrink the circle.

Medicare Advantage plans take on the full risk and do have incentives to manage retiree care

Care Management and Wellness Initiatives help SHRINK THE CIRCLE!
Ensuring long term sustainability

Long-Term Success of Medicare Advantage plans will depend on Carriers’ success in performing the following actions…

- Optimizing reimbursement
- Building provider relationships
- Improving member health

Sustainable, affordable Group Medicare Advantage plans
Advantages of Medicare Advantage plans

- Cost savings to help maximize the dollars available for both State Governments and their retirees
- Stars Program run by CMS ensures High Quality plans
- Group offering Medicare Advantage, not Individual MA, means benefits can be at the same level as currently provided by State Governments
- Group Medicare Advantage plans are offered as a PPO. That allows retirees access to all providers who accept Medicare, not a limited provider network that you find in an HMO plan typical of Individual MA plans
- Administrative hassles reduced for employer’s H.R. team
- High retiree satisfaction
- Care coordination for retirees
- Offers additional benefits such as vision, dental, and hearing coverage

For more information, contact our Public Sector National Vice President, John Thompson, at (770) 200-6802 or john_c_thompson@uhc.com